



SURFACE TRANSPORTATION BOARD

[Docket No. FD 36577]

Knoxville and Cumberland Gap Railroad, LLC—Acquisition and Operation Exemption with Interchange Commitment—Rail Lines of Norfolk Southern Railway Company in Anderson, Campbell, Claiborne, Grainger, Knox, and Union Counties, Tenn., Bell and Whitley Counties, Ky., and Lee County, Va.

Knoxville and Cumberland Gap Railroad, LLC (KXCG), a noncarrier, has filed a verified notice of exemption to permit KXCG to acquire approximately 112.0 miles of rail lines from Norfolk Southern Railway Company (NSR), assume NSR's lease of approximately 13.0 miles of CSX Transportation, Inc. (CSXT) rail line, assume NSR's trackage rights over approximately 6.3 miles of a CSXT line, and acquire trackage rights over approximately 22.7 miles of an NSR line, for a total of approximately 154.0 miles (collectively, the Lines), and to operate the Lines.

The portion of the Lines KXCG will acquire from NSR consists of: (1) the Jellico Line, running from the insulated joint in Clinton, Tenn. (at or around milepost 20.9C+/-) to Lot, Ky. (at or around milepost 67.7+/-), and from Hyde, Tenn. (at or around milepost 74C+/-) to Clairfield, Tenn. (at or around milepost 80C+/-); and (2) the Middlesboro Line, running from the insulated joints of the wye track, north of the derails located in Beverly, Tenn. (at or near milepost 5.8CG+/-) to Cumberland Gap, Tenn. (at or around milepost 65CG+/-).

The transaction also provides for assignment to KXCG, with permission of CSXT, of:

(1) NSR's lease of the following CSXT lines: (a) on the Harbell Branch between a point 125.3 feet south of the point of switch of the connecting track to NSR at Cumberland Gap just south of the end of the Cumberland Gap Tunnel, which point of

connection is at milepost CV 219.5, and a point where the Harbell Branch connects near milepost CV 216 in Middlesboro, Ky., with the north leg of the wye track of Bennett's Fork Branch; (b) on Bennett's Fork Branch from and including the north and south legs of the aforesaid wye, to Stony Fork Junction and end of track near milepost MR 221 north of Motch, Tenn.; and (c) on Stony Fork Branch between Stony Fork Junction and end of track near milepost MS 221.8 near Pioneer, Tenn., including approximately one mile of track leased to Bell County Coal Corporation; and (d) on the Harbell Branch main track from the aforesaid north leg wye connection near milepost CV 216 to milepost CV 215.0 north thereof, including CSXT's Middlesboro Yard and related trackage; and

(2) NSR's trackage rights over CSXT's line between Lot at approximately milepost 67.7C and Hyde at approximately milepost 74C.

Finally, as part of the transaction, KXCG will acquire trackage rights over NSR's line from the NSR switch at the connection with the Jellico Line at Clinton at approximately milepost 20.9C, continuing to the NSR switch at Coster, Tenn., connecting to the NSR Coster Line (milepost 2.3C/7.9CO), and then to the NSR switch connecting to the Middlesboro Line at or near Beverly (milepost 5.8CG+/- (3.8CO)).

This transaction is related to a verified notice of exemption filed concurrently in R. J. Corman Railroad—Continuance in Control Exemption—Knoxville & Cumberland Gap Railroad, Docket No. FD 36578, in which R. J. Corman Railroad Company, LLC, and R. J. Corman Railroad Group, LLC, seek to continue in control of KXCG upon KXCG's becoming a Class III rail carrier.

KXCG certifies that its projected annual revenues from this transaction will not exceed those that would qualify it as a Class III rail carrier and will not exceed \$5 million. KXCG further states that the Transaction Agreement between KXCG and NSR contains an interchange commitment. The affected interchanges are with CSXT at Lot, Ky., and Hyde and Cumberland Gap, Tenn. KXCG has provided additional

information regarding the interchange commitment as required by 49 CFR 1150.33(h).¹

The earliest this transaction may be consummated is February 24, 2022, the effective date of the exemption (30 days after the verified notice was filed).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than February 17, 2022 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36577, should be filed with the Surface Transportation Board via e-filing on the Board's website. In addition, a copy of each pleading must be served on KXCG's representative, David A. Hirsh, Dentons US LLP, 1900 K Street, N.W., Washington, DC 20006.

According to KXCG, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic preservation reporting requirements under 49 CFR 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: February 7, 2022.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.

Stefan Rice,

Clearance Clerk.

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¹ A copy of the Transaction Agreement containing the interchange commitment was filed under seal with the verified notice. See 49 CFR 1150.33(h)(1).